



Manufactured Housing Park Preservation through the Creation of Resident-Owned Communities



Information Sheet for Manufactured Homeowners

One of the most effective ways of preserving affordable manufactured housing, as well as to promote secure tenure and encourage wealth-building and asset appreciation via manufactured home ownership is to facilitate a resident purchase of a park. A resident-owned community (ROC) is an entity created by manufactured housing park residents to purchase and control the park and manage infrastructure, operations and common areas.

How Does it Work?

Based on the New Hampshire Community Loan Fund model for manufactured housing park preservation, CASA's Oregon-specific model focuses on the creation of a non-profit, limited equity manufactured housing cooperative, which will allow for a resident purchase of the park. The model is only feasible if the purchase remains affordable for residents.

- Membership is limited to park residents - one membership per household.
- Members must own, not rent, their homes.
- Members control the monthly rent. Site rent for non-members will often be set higher than rents for members.
- Members share equally in the decision-making.
- The park is owned *collectively* by the cooperative. Individual homeowners don't own their individual sites.
- The cooperative holds the mortgage and is responsible for paying bills, property taxes, repairs, maintenance, etc.
- The Board of Directors manages the day-to-day operations of the cooperative.

- Typically, membership entitles a person to lease a particular space on a long term and near-perpetual basis (at least 20 years, ideally longer) as long as they are a member in good standing.

Program Description

The program consists of two major components - Resident Organizing and Development/Park Purchase.

I. Resident Organizing

1. Introductory meeting to discuss the program.
2. Resident meeting to decide whether to form a cooperative and move forward.
3. Formation of cooperative, including:
 - a. Appointment of a steering committee.
 - b. Steering committee and organizer begin drafting cooperative documents (Articles of Incorporation, interim bylaws, subscription/membership agreement).
 - c. Articles of Incorporation are filed the Secretary of State
4. Members vote-in Board of Directors.
5. Board training and capacity building.
6. Enter into technical service agreement with CASA or other agency
7. Retain lawyer
8. Conduct a resident membership drive

If the purchase seems feasible and affordable, and both the residents and the owner are willing to move forward, the program enters Phase II.

II. Development/Park Purchase

1. Financial analysis.
2. Creation of preliminary budget/pro forma.
3. Preparation and negotiation of Purchase and Sale Agreement.
4. Members vote on park purchase and site rent maximum amount.
5. Due diligence activities.
6. Identification of pre-development financing and permanent financing.
7. Application for funding.
8. Park purchase/closing.
9. Provision of ongoing technical assistance to the cooperative.

Potential Costs for a Limited Equity Cooperative Park Purchase in Oregon

Individual Homeowner costs:

- Membership dues for the nonprofit, limited equity cooperative (this is a nominal fee, set by the cooperative Board. The recommended amount is around \$100-\$500 and can be paid in full upon park purchase, with a joining fee of approximately \$5-\$20 paid up-front).
- Manufactured home improvements/replacements (residents are responsible for their own homes).
- Ongoing operations/maintenance of the park and debt service (mortgage payments for the park purchase) are covered by the homeowner's space rents.

Cooperative costs (via the financing packages):

- Infrastructure/site improvements (these will be built into pre-development expenses and covered by loans or possibly grants, if available).
- Pre-development/due diligence (i.e. site appraisal, environmental survey, engineers, architects, legal fees, technical assistance provider fees, etc.)
- Purchase price.
- Ongoing maintenance of the park (operating expenses via rents).

What if We Don't Have Experience Running a Manufactured Home Park?

CASA has the expertise to assist you every step of the way. We will provide technical assistance to help you organize your cooperative, establish bylaws and committees, secure the financing to purchase your community and build the skills and resources necessary to operate and maintain your community post-purchase. In certain cases, off-site property management services, as well as ongoing post-purchase technical assistance, will be included in your operating budget.

Who is CASA of Oregon?

The Community And Shelter Assistance Corporation (CASA of Oregon) was established in 1988, in response to the housing needs of Oregon families. A statewide organization, CASA of Oregon is a private, 501(c)3 non-profit community development corporation. The organization's primary mission is to develop housing, programs and facilities that improve the quality of life and self-sufficiency of low-income populations.

In 2006, CASA of Oregon expanded its programs to include the preservation of manufactured housing parks through the creation of resident-owned communities. Using a multi-faceted approach, CASA of Oregon's program focuses on policy issues, as well as on-the-ground technical assistance, in order to make resident ownership a viable option.

In May 2008, CASA of Oregon became one of nine Certified Technical Assistance Providers (CTAPs) under the national ROC USA™ network. ROC USA and its affiliate, the New Hampshire Community Loan Fund, are non-profits with over 25 years of experience combining expert technical assistance with specialized purchase financing for resident corporations. As a member of the ROC USA network, CASA of Oregon delivers pre- and post-purchase technical assistance and helps manufactured homeowners secure the financing needed to buy their communities and shape their economic futures through resident ownership. Participation in this network gives CASA of Oregon access to financial products, technical assistance trainings, and resources developed by experts from ROC USA and the New Hampshire Community Loan Fund.

What's in it for CASA of Oregon?

CASA of Oregon seeks to preserve affordable housing and create programs and facilities that improve the lives of those in need. While our manufactured housing program was established through start-up funds secured from private and public grants, the sustainability of our program depends on the collection of a nominal developer's fee and payment for post-

purchase technical assistance provided to each resident cooperative. These fees are factored into the resident cooperative's budget for purchasing and operating their community. As a non-profit organization, CASA of Oregon only seeks to recover the costs of providing the services necessary to facilitate resident ownership of manufactured home communities.

Frequently Asked Questions

Q. Will we be able to purchase our park?

A. A park conversion into a resident-owned community may not always be feasible for every community. The timing may not be right, financing may not be available, the owner may not be willing to sell, or the purchase may not be affordable for residents. CASA can help you determine whether or not a park purchase might work for your community.

Q. How can we afford to buy our park?

A. The Cooperative borrows the money to purchase the park from financial institutions such as banks. Your combined rents pay the costs to operate the park, and make the mortgage payments on the park. An operating budget is prepared and engineering studies of the park are used to determine what you can afford. If you think the cost is too high, you don't have to buy it.

Q. Will our rents go up?

A. Depending on the purchase price, rents may have to increase a small amount to cover acquisition costs. However, residents vote on whether or not they're willing to raise the rents in order to purchase the park. CASA will create a budget that outlines all the costs to purchase and manage the park, including an estimate of a reasonable (and acceptable) increase in rent necessary to make it happen. If residents decide it's not worth it, they don't have to move forward. Remember, however, that if your park is sold to an investor, your rents may go up anyway, and in that case, you won't get to decide how much. Typically, rents remain stable and don't have to be increased every year as they might be in an investor-owned park that needs to make a profit. In some cases, cooperatives have been able to reduce their rents by improving efficiencies in operations.

Q. Who would collect the lot rent and pay the bills?

A. The elected Board of Directors will be responsible for collecting lot rents and paying the cooperative's bills. To accomplish this, they often decide to hire a property management company or employ an onsite property manager who works for the cooperative. Unusually large expenditures have to be approved by the entire membership.

Q. What does it cost to get things started?

A. There are some up-front costs: incorporating with the state (\$50) and a joining fee (around \$5-\$20), which is a portion of the total membership fee required from each member. The membership fee, which is determined by the residents (usually around \$100-\$500), is not paid until the park is purchased and can be paid over time if the members so choose. Typically, the cooperative won't spend any of the collected joining fee, except to cover minor expenses, until park purchase and will try to refund all or most of it if there is no purchase.

- Q. What are some other costs to consider if a park purchase moves forward?**
A. If a park purchase seems feasible, residents would then sign a technical assistance (TA) contract with CASA (or another Certified Technical Assistance Provider) that would include a TA services fee to be paid upon successful park purchase, as well as retain an attorney for assistance with legal documents. In addition, a pre-development loan would need to be secured (with the help of your technical assistance provider) to cover pre-development costs such as appraisals, environmental reports, engineering and architectural services, etc.
- Q. What is my personal risk to me after the co-op purchases the park?**
A. Members of a cooperative are not personally liable for the cooperatives mortgages or other debts. The cooperative will also carry liability insurance.
- Q. What charges are there if we own the park as a cooperative?**
A. Each member household pays two charges. The first is the lot rent that is collected monthly to pay for operating expenses like taxes, insurance, trash collection, and the co-op's mortgage payments. The second charge is the one-time membership fee, and the amount is decided upon by the cooperative. When the membership fee is fully paid, the member only pays lot rent.
- Q. What if you decide you do not want to become a member?**
A. You may remain a tenant and pay rent to the cooperative. Since members pay membership fee and participate in the work of the cooperative, non-member tenants pay a somewhat higher rent (generally 10% to 25% higher) than members do.
- Q. How is the cooperative different from a residents association?**
A. A residents association is organized in a landlord-owned park to negotiate in response to rent increases, park maintenance issues, injustices, or to buy the park. A cooperative is a corporation organized for the purpose of owning and managing the park.
- Q. I do not plan on living here forever. Can I move?**
A. Yes. You can sell your house as you otherwise would. When you sell your home your membership certificate is bought back by the cooperative. The buyer of your home must become a member of the cooperative and purchase a membership certificate from the cooperative.
- Q. How does the cooperative manage the park?**
A. Management may be done on a voluntary basis using member time, with no cash expense to the cooperative. Members participate on either the Board of Directors or on one of the committees (Maintenance, Finance, Social, Membership, or Mediation) to manage the park. All members participate at membership meetings to make major decisions that affect the park. Some cooperative hire a bookkeeping service to collect the lot rents and make payments. Most cooperatives contract for trash and snow removal. The larger ones hire office and maintenance staff, such as an onsite property manager.

Q. Are there any other resident-owned communities in Oregon?

A. To date, CASA has helped residents at nine parks convert to resident ownership:

- Horizon Homeowners Cooperative - a 30-space family park in McMinnville, OR.
- Green Pastures Senior Cooperative - a 51-space senior park in Redmond, OR.
- Saunders Creek Homeowners Cooperative - a 43-space family park in Gold Beach, OR.
- Vida Lea Community Cooperative – a 33-space senior park in Leaburg, OR.
- Clackamas River Village Cooperative – a 76-space family park in Clackamas, OR.
- West-Side Pines Cooperative – a 71-space family park in Bend, OR.
- Umpqua Ranch Cooperative – a 110-space family park in Idleyld, OR.
- Dexter Oaks Cooperative – a 39-space family park in Dexter, OR.

If you'd like to learn more about those communities, please contact CASA and we'd be happy to put you in touch with residents who can share their experiences and answer questions.

A Cooperative Gives You Control

When residents form a cooperative, it is nonprofit. The main purpose of the cooperative is to keep housing affordable for the residents, so 100% of your rent goes back into the park.

Your Security: With the rise in land values, many parks are being dismantled to make room for more profitable ventures. Under state law, when a park owner wants to close a park and change its use, tenants must find another place for their home on a one year notice or lose the home. The high cost of land and restrictive zoning can make finding a place for a manufactured home nearly impossible. In a cooperative, once the residents own the land, no investor can sell it from under them.

Your Rent: Soaring land prices have resulted in increase rents. Each time a park is sold, the new landlord must pay off a larger mortgage, so it is no surprise that rents often go up after a sale. Unfortunately, there is no law in Oregon that limits the size or frequency of rent increases. However, if a cooperative buys the park, the land is taken off the real estate market and is not likely to be sold again.

Maintenance and Improvements: A quality park requires regular maintenance and improvements. When a landlord makes these decisions, the tenants' only involvement is paying the bill through rent increases. In a cooperative, the members decide what maintenance system to use and when to make improvements. Also, through their Operations or Maintenance Committee, they can do some of the work themselves and keep costs down.

Park Rules: Park rules impact your day-to-day life. When a landlord makes the rules, there is nothing tenants can do to change them unless a rule violates the law. Even then, the tenants may have to hire an attorney to get a legal rule changed. A landlord's rules often do not reflect the desires of the residents, but in a cooperative, the residents develop and vote on their own rules.